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Teacher-benefits hearing shows need to address exploding costs to local districts, Sen. Kuipers says

LANSING – Sen. Wayne Kuipers, R-Holland, called today’s hearing about ways to reform how Michigan school employees receive health-care benefits an excellent step toward spending more money directly on educating children. Kuipers joined the Senate Appropriations Committee in listening to officials from the HayGroup, a human-resources consulting firm, explain their study about ways to save money spent on school employees’ health care.

“Michigan leaders must examine and reform the exploding costs of health care for school employees,” Kuipers said. “This study offers us ideas on how to achieve reforms while maintaining excellent benefits for teachers. Parents and taxpayers expect their money is spent most effectively to educate children.”

Kuipers said another way the state and local school districts could put more dollars into the classroom is by addressing retirement benefits for new school employees. The senator said the Senate Education Committee, which he chairs, would examine this summer a plan to create a defined-contributions retirement system, such as a 401(k) plan, instead of the defined-benefits plan provided to current school employees.

Michigan could save an estimated \$146 million to \$281 million a year, or an additional \$86 to \$165 per pupil, if school employee health care benefits were pooled together, the report found. Almost half of Michigan school employees have an expensive fee-for-service health plan, while nationally just 2 percent of employers offer such plans.

The Legislature requested the HayGroup study this spring in a search for options to lower the cost of educators’ health care without reducing benefits. The report found that under the present system, school districts spend an average of \$11,362 per employee on health-care benefits while the state employees plan costs \$9,212 per employee. A statewide pool would greatly reduce administrative costs.

The HayGroup report is available online at <http://council.legislature.mi.gov>.

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